

TELEGRAM-Incoming

Approved For Release 2003/02/27 : CIA-RDP85G00105R000100190012-1

SECRET Amembassy BONN

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TO AMEMBASSY BONN PRIORITY 1311

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CONTROL: 3598

RECD : 1 NOV 66

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State Dept. declassification & release instructions on file

TO MCCLOY 25X1A

TRILATERAL TALKS - WORKING GROUP I

WE JUDGE THAT DISCUSSION OF WARNING TIME (PARA 2 E ISSUES PAPER) NATURALLY FLOWS FROM YOUR STUDY OF WARSAW PACT CAPABILITIES. YOU SHOULD ATTEMPT TO INCLUDE THIS SUBJECT IN FINAL REPORT OF WORKING GROUP I. IN ANY EVENT, YOU SHOULD DRAW OUT BRITISH AND GERMAN AT MEETINGS AND PRIVATELY TO DETERMINE 1) WHY THEY PREFER NOT RPT NOT TO DEAL WITH THIS TOPIC AND 2) HOW THEY ESTIMATE THE QTE WARNING TIME NATO MIGHT EXPECT IN EACH CASE UNQTE.

GP-3.

KATZENBACH

BT

SECRET

Mr. Smith
 Mr. Wagner
 Kathy for Mr. Clarke

OUTGOING TELEGRAM Department of State

77058

INDICATE: ☐ COLLECT
☐ CHARGE TO

83665

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Origin

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Info

ACTION: AmEmbassy BONN PRIORITY

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FOR [] FROM McCLOY

TRILATERAL TALKS: Working Group I

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I am pleased with progress you have made with Aiken and would still like to see US Draft on QTE warning time UNQTE --appropriately modified to meet UK and FRG thinking -- incorporated in Working Group I Report. If this proves impossible to achieve, you should press for inclusion US text with such reservations or comments as UK and German negotiators wish to make.

GP 3.

END.

C/EUR

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A/ORR

KATZENBACH

Drafted by:

SCM:EVMcAuliffe:gw.11/1/66

Tel. Ext.

5267

Telegraphic transmission and

classification approved by:

SCM - Eugene V. McAuliffe

Clearances:

Mr. McCloy (substance)

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TO STATE/RCI

INFO CIA

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S E C R E T LINDIS BON 442

STATE/RCI PASS TO MR MCCLOY. CIA PASS TO MR HELMS. SSO
DIA PASS TO GEN CARROL. FROM MR ☐ 25X1A
BONN.

SUBJECT TRILATERAL TALKS -- WORKING GROUP I

1. GROUP ONE IS DEEP IN ITS WORK ON THE FIRST SECTION,
VARSAV PACT CAPABILITIES IN THE CENTRAL REGION, AND EXPECTS TO
COMPLETE THAT PART TOMORROW.

2. IN PRIVATE DISCUSSION WITH POSER (HEAD FRG DEL), AIKEN
(HEAD UK DEL), AND COL SHELLEY (USAF REPRESENTING SHAPE), I URGED
INCLUSION OF WARNING TIME DISCUSSION PER YOUR MESSAGE. FRG AND
UK INITIALLY AGREED TO INCLUDE US STATEMENT IN THE FINAL REPORT,
WITH APPROPRIATE LANGUAGE CONCERNING THE LACK OF UK AND FRG
STATEMENTS IF THAT WERE NECESSARY. SUBSEQUENTLY UK INDICATED
SOME SECOND THOUGHTS.

3. RE UK POSITION: AIKEN SAYS UK HAS PRODUCED A PAPER
COVERING WARNING TIME AS A FUNCTION OF INTENTIONS. THIS PAPER
TO BE DISTRIBUTED TO PRINCIPALS NEXT WEEK. THUS AIKEN FEELS HE
IS NOT AT LIBERTY TO INCLUDE ANYTHING ON WARNING TIME IN GROUP
ONE PAPER. HOWEVER HE IS SENDING LONDON COPY OF US DRAFT AND
REQUESTING FURTHER INSTRUCTIONS.

4. RE FRG POSITION: POSER FINDS ANY DISCUSSION OF WARNING
TIME FRAUGHT WITH GERMAN DOMESTIC POLITICAL IMPLICATIONS. THESE
REINFORCE HIS VIEW THAT NATO CANNOT INCLUDE A QUOTE PERIOD OF
TENSION UNQUOTE IN ITS ESTIMATES OF WARNING TIME FOR A PACT
ATTACK (OF WHATEVER SCALE) AGAINST CENTRAL REGION. IT IS STILL
UNCERTAIN WHETHER FRG WILL FOLLOW UK LEAD REGARDING TREATMENT OF
WARNING TIME IN FINAL REPORT

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OUTGOING MESSAGE

FROM: SSO BONN

TO: STATE/RCI

INFO: SSO DIA WASH

CIA WASH

O 31184Z OCTOBER 1966

S E C R E T

BON 440.

STATE/RCI DELIVER TO MR JOHN J. MCCLOY. SSO DIA DELIVER TO
GEN CARROL. CIA DELIVER TO MR HELMS. FROM BONN. 25X1A

ALL ACTIVITY OF GROUP ONE, THREAT DELEGATION, AT FIRST
MEETING WAS PROCEDURAL. ALL DELEGATIONS TABLED DRAFTS. THAT OF
FRG WAS DETAILED IN STRENGTHS AND UNITS BUT CONTAINED NO APPRECIABLE
DIFFERENCES FROM THOSE OF U.S. UK PAPER PROVIDED FRAMEWORK ONLY,
NO SUBSTANCE. UK AND FRG HAVE AGREED TO USE U.S. DRAFT AS BASIS
FOR FINAL REPORT BUT NEITHER UK NOR FRG WANTS TO ADDRESS PARAGRAPH
2E OF ISSUES PAPER CONCERNING WARNING TIME. WOULD APPRECIATE
SOONEST MR. MCCLOY'S VIEWS ON IMPORTANCE TO HIM OF INCLUDING THIS
SECTION IN FINAL REPORT.

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OUTGOING TELEGRAM Department of State

83122

INDICATE: ☐ COLLECT
☐ CHARGE TO

SECRET

Mr. Clarke

8-2

Origin: ACTION: AmEmbassy LONDON
SCM AmEmbassy BONN
Info: AmEmbassy PARIS

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NATUS

SUBJECT: Trilateral Talks: Meeting Afternoon November 9

Afternoon session November 9 continued discussion of NATO force posture and opened conversations on financial and balance of payments matters.

Thomson, while rejecting notion of forces capable only of trip wire response, asked Germans to clarify their views on size forces needed to meet conventional attack and length time such conflict would remain conventional. Carstens repeated German fears of limited nuclear war on German territory stressing need for conventional forces sufficient to hold out as long as possible and for early strategic response. McCloy in developing argument for strong conventional force stressed need to counter any Soviet aggression which he sees as more protracted than do either British or Germans, while keeping open option for negotiation rather than risking devastating Germany because of lack of other than nuclear response.

Thomson, in reference to Mountbatten Report, expressed doubt that present NATO capabilities could ^{hold} ~~hold~~ out against Soviet conventional

Drafted by: EUR/RPM:WRomine:gw.

11/10/66

Tel. Ext.

2550

Telegraphic transmission and

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Clearances:

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ventional attack for more than few days. While this might show need for larger conventional forces, he pointed out unwillingness most NATO governments to increase the size of forces presently committed. McCloy replied he did not believe this Mountbatten Report should be given too much weight. Certain terms had been ill-defined and the Report, as he understood it, was really attempt by SACEUR to stress need to improve conventional strength.

Thomson said present level of forces need not be considered sacred and that some redeployments on linear basis might be better than making deployments along trans-Atlantic lines.

McCloy responded by agreeing that linear redeployment in Europe is indeed worthy of serious thought. He expressed his great concern over present deployments in defense ~~XXXX~~ North German plains. No one could answer question how long a conventional battle might continue. However, given presence of nuclear weapons, temptation to use them would be great, particularly if enemy conducted a probe and we had no effective response other than nuclear.

Citing Working Group II paper on NATO capabilities, McCloy stated need to examine imbalances in present forces and how resources might be used to provide more convincing deterrent. Referring to differences in US and German division slices, he suggested Working Group see what could be done to ^{correct} ~~improve~~ imbalance. Carstens commented on reasons for tremendous differences between US and German armies, stressing need for larger support units for army operating outside of its country

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(expeditionary forces) than for German army operating on its own territory where support can be made available as needed.

After brief interruption, McCloy invited comment from Hockaday, NATO Secretary General Representative. Hockaday made two points: a) in regard to linear redeployment, study on maldeployment already in hands of NATO military committee would be submitted to DPC by November 21, and b) that while Military Committee in commenting on suitability of NATO forces had stated that without nuclear weapons enemy attack could be contained for only two to six days, that US Representative had reserved his position and given opinion that with sufficient warning time, NATO forces could be reenforced to hold out for much longer time. Meeting then agreed to refer questions of NATO capabilities and imbalances to Working Group II for further study.

Discussion then turned to balance of payments question. McCloy opened discussion noting that report of Working Group III did not indicate wide areas of agreement, and that he more troubled by lack of agreement on factual data than by failure to agree on basic assumptions. He suggested that whole question be further examined in light of agreement on need for substantial forces.

Dr. Carstens said defense is common effort to which all should contribute. Germans must carry their share of burden, and help American and British solve the offset problem. However, he argued that balance of payments should be equalized on world-wide basis, and that present discussions deal with only one phase this problem. Stated two arguments

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for offset payments; a) That in overall bilateral relationship, deficit state sending troops to another state might claim assistance, but that FRG in overall deficit position to both US and UK in terms overall balance of trade; ^{making} b) That states ~~try~~ efforts to improve BOP might in absence offset be tempted withdraw troops rather than face hard domestic decision to undertake deflation or control capital outflow. German Government does not consider this reasoning as applied to offset question valid. Nevertheless will consider claims now made.

Carstens stated that to determine amount of offset, estimate of net ~~n~~ inflow and net outflow is essential. If there are discrepancies in Working Group Report, this due mostly to differences in assumptions on how to determine net inflow and outflow. It should not be assumed for example that there would be compensation for decrease in aggregate demand as result of changes in US or UK troop levels in FRG. In labor-short FRG, if demand from foreign troops ceased, imports and need for foreign workers would decrease correspondingly. Expressed belief that common grounds could be found for assessing effects of troop changes on net inflow-outflow position. Effect on FRG purchases in sending countries should also be examined. Differences in net gains and losses could then be discussed.

Thomson agreed defense should be shared, but defense burden could not lead to unequal economic burdens and to one country making profit from defense efforts of another. Pointing out British had saved over
1 billion

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1 billion pounds foreign exchange through stern domestic measures, Thomson stressed that, since maintenance of forces for Alliance is a political requirement, question of their support becomes central political problem for Alliance. Agreed with McCloy and Carstens that Working Group III should make new attempt to reach some agreement.

Deming (US) stated US agreed with Thomson that, while burdens should be shared in Alliance, no one should profit because of geographic position. Batory^(US) rejected German position that overall balance of payment relationship should be basis on which to determine compensation. Stated there should be relationship between burdens and capacity to bear burdens. While US rich in many areas, it is poor in liquidity which is ~~key~~ of greatest importance in considering our ability to perform our tasks. FRG, on other hand, rich in liquid assets.

In short reply Carstens recalled overall unfavorable FRG BOP position vis-a-vis US and UK, problem of over-employment, but admitted US-UK net gain probably less than offset in final result. Harkort (FRG) reiterated need to find net inflow and outflow, and said common assumptions necessary in order to isolate particular area of payments. In ensuing discussion it was agreed that question of offsetting and problem of method of calculating net burden or gain of ~~XXXXX~~ maintenance of troops be referred to Working Group III. It was agreed Group III would take these matters under discussion before next meeting on November 10.

RUSK

GP-3.

END

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